

Message Text

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ACTION EB-08

INFO OCT-01 IO-13 ISO-00 STRE-00 STR-07 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01
DOE-15 EUR-12 /126 W
-----105371 121925Z /53

P 121905Z APR 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 8300

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USMTN

USEEC

PASS STR ELECTRONICALLY
STR PASS CODEL

E.O. 11652: N/A
TAGS: MTN, ETRD
SUBJECT: SUBSIDIES/COUNTERVAILING DUTIES

1. AT US/EC BILATERALS APRIL 9 AND 10 AMBASSADOR
MCDONALD AND DIRECTOR GENERAL DENMAN MANAGED TO CUT
THROUGH THE RETORIC ON SUBSIDY COUNTERVAIL AND FOCUSSED
DISCUSSIONS ON THE SUBSTANCE OF THE ISSUE. BOTH AGREED
THAT WE HAD A COMMON PROBLEM AND THAT THIS PROBLEM CAN
BE BEST SOLVED BY HARD BARGAINING AND A CODE ON BOTH
SUBSIDIES AND COUNTERVAILING DUTIES. WORKING SESSIONS
WERE HELD ON SUNDAY MORNING AND MONDAY MORNING TO HELP
PUSH ALONG PROGRESS BEFORE THE STRAUSS/HAFERKAMP
MEETING LATER THAT DAY.

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2. US ARGUED THAT IF A DEAL WERE TO BE STRUCK ON THIS
ISSUE IT WOULD BE NECESSARY TO DEVELOP A DISCIPLINE ON
SUBSIDIES THAT GOES BEYOND CURRENT GATT RULES. THE EC
FINALLY ACCEPTED, AFTER A PRIVATE DISCUSSION AND PRODDING
FROM DENMAN, THE U.S. CONCEPT OF DEVELOPING GUIDELINES
ON DOMESTIC SUBSIDIES AND REITERATED THEIR INTEREST IN
DISCUSSING SPECIFIC TEXTS. THE EC SEEMED MORE OPEN TO

A FORMULATION ON REGIONAL SUBSIDIES BUT WERE CAUTIOUS ABOUT THE QUESTION OF STATE PARTICIPATION IN INDUSTRY. THE EC STATED THAT WE SHOULD FOCUS ON THE TRADE EFFECTS OF SUBSIDIES RATHER THAN ABSTRACTIONS OF PRINCIPLE ON SUBSIDIES PRACTICES. THEY STATED THAT IF WE WERE TO PROCEED ALONG THESE LINES AN AGREEMENT ON SUBSIDIES COUNTERVAIL MIGHT BE POSSIBLE.

3. BOTH AMBASSADOR MCDONALD AND DENMAN AGREED THAT THERE APPEARS TO BE A NEW WILLINGNESS ON BOTH SIDES TO MOVE AHEAD ON THIS ISSUE. THEY FURTHER AGREED THAT EARLY AND INTENSE BILATERAL MEETINGS ARE ESSENTIAL FOR A SUCCESSFUL NEGOTIATION. DENMAN'S FAIRLY POSITIVE RESUME OF THE STATUS OF US-EC EFFORTS TO COME TO SOME MUTUALLY ACCEPTABLE UNDERSTANDING AND THE WORK SCHEDULE FOR RAPID FOLLOW-UP THIS MONTH WAS PRESENTED TO AMBASSADOR STRAUSS AND HAFERKAMP LATER APRIL 10. BOTH RECOGNIZED WE HAVE A LONG WAY TO GO BUT EXPRESSED SATISFACTION THAT SERIOUS EFFORTS WERE UNDERWAY TO FIND A SOLUTION.

4. DRAFTED BY NEWKIRK. MCDONALD

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Message Attributes

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